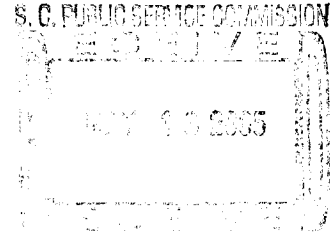


John J. Pringle, Jr.  
Direct dial: 803/343-1270  
[jpringle@ellislawhorne.com](mailto:jpringle@ellislawhorne.com)

May 17, 2005

**VIA ELECTRONIC AND 1<sup>st</sup> CLASS MAIL SERVICE**

The Honorable Charles L.A. Terreni  
Executive Director  
**South Carolina Public Service Commission**  
PO Drawer 11649  
Columbia SC 29211



RE: Application of Lake Wylie Community Utilities, Inc. for Adjustment  
In Rates and Charges for Water and Sewer Services  
**Docket No. 2004-353-W/S, Our File No. 751-10186**

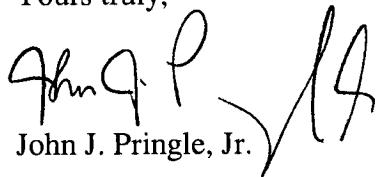
Dear Mr. Terreni:

I enclose an original and ten copies of the proposed **Order Ruling on Application for Increase in Rates** for filing on behalf of Lake Wylie Community Utilities, Inc. in the above-referenced docket. By copy of this letter, I am serving these documents upon all parties of record in this proceeding, and enclose my certificate of service to that effect.

Please have your office stamp "received" the additional copy of this letter, and return it to me in the enclosed envelope.

With kind regards, I am

Yours truly,

  
John J. Pringle, Jr.

cc: Mr. John Malpeli  
Office of Regulatory Staff  
All parties of record

**Attachments**

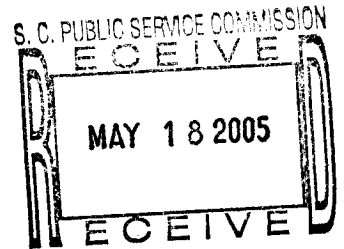
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## DOCKET NO. 2004-353-W/S

# Application of Lake Wylie Community Utilities, Inc. for Adjustment in Rates And Charges for Water and Sewer Services

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# CERTIFICATE OF SERVICE



This is to certify that I have caused to be served this day, one (1) copy of the **Order Ruling on Application for Increase in Rates** by placing a copy of same in the care and custody of the United States Postal Service (unless otherwise specified), with proper first-class postage affixed hereto and addressed as follows:

Office of Regulatory Staff  
Legal Department  
PO Box 11263  
Columbia SC 29211

(Via 1<sup>st</sup> class mail service only)  
Mr. Wallace G. Martin  
1051 Sentinal Oaks  
Lake Wylie , SC 29710

Card Roof

## Carol Roof

May 17, 2005  
Columbia, South Carolina

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**

**DOCKET NO. 2004-353-W/S, ORDER NO. 2005-\_\_\_\_\_**

**JUNE \_\_\_\_\_, 2005**

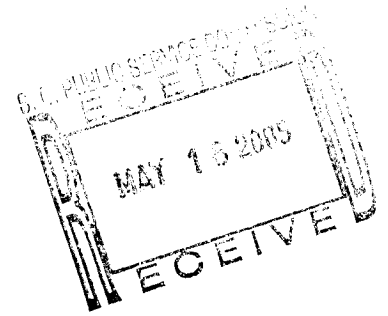
IN RE:

Application of Lake Wylie  
Community Utilities, Inc. for  
Adjustment in Rates and  
Charges for Water and Sewer  
Services

)  
)  
) **ORDER RULING ON**  
) **APPLICATION FOR**  
) **INCREASE IN RATES**  
)  
)

**I. INTRODUCTION**

This matter comes before the Public Service Commission of South Carolina (hereinafter the "Commission") by way of an Application of Lake Wylie Community Utilities, Inc. (hereinafter "Lake Wylie" or the "Company"), filed on December 6, 2004, seeking approval of a new schedule of rates and charges for water and sewer service that Lake Wylie provides to its customers within its authorized service area: Lake Wylie Mobile Home Park ("MHP") and Southwoods Subdivision in York County, South Carolina. The Application was filed pursuant to S. C. Code Ann. Sections 58-5-210 *et. seq.* (1976), as amended, and 26 S.C. Regs. 103-512 and 103-712 (1976). By letter dated February 1, 2005, the Commission's Chief Clerk instructed Lake Wylie to publish a prepared Notice of Filing, one time, in newspapers of general circulation in the area affected by Lake Wylie's Application. The Notice of Filing indicated the nature of the Application and advised all interested persons desiring to participate in the scheduled proceedings of the manner and time in which to file appropriate pleadings for inclusion in



the proceedings. In the letter of March 11, 2005, the Chief Clerk also instructed Lake Wylie to notify directly, by U. S. Mail, each customer affected by the Application by mailing each customer a copy of the Notice of Filing. Lake Wylie furnished the Commission with an Affidavit of Publication demonstrating that the Notice of Filing had been duly published and with a letter in which Lake Wylie certified that it had complied with the instruction of the Chief Clerk to mail a copy of the Notice of Filing to all customers affected by the Application. In response to the Notice of Filing, a Petition to Intervene was filed by Wallace G. Martin, a customer of Lake Wylie. Additionally, Benjamin P. Mustian entered a Notice of Appearance on behalf of the Office of Regulatory Staff (“ORS”).

On April 12, 2005<sup>1</sup>, a public night hearing was held in Rock Hill, South Carolina in the Anne Springs Close Library on the campus of York Technical College. All Commissioners were present at the night hearing. Also present at the hearing were many customers of Lake Wylie, who were heard to express their opinions regarding Lake Wylie’s Application.

On April 27, 2005, a public hearing concerning the matters in Lake Wylie’s Application was held in the Commission’s hearing room located at Synergy Business Park, 101 Executive Center Drive – Saluda Building, Columbia, South Carolina. John J. Pringle, Jr., Esquire represented Lake Wylie. Benjamin F. Mustian, Esquire and Shannon Hudson, Esquire appeared on behalf of ORS.

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<sup>1</sup> The purpose of the night hearing was to provide a forum, at a convenient time and location, for customers of Lake Wylie to present their comments regarding the service and rates of Lake Wylie. The hearing was held at York Technical College in Rock Hill, near where Lake Wylie provides service and where the customers had requested a public forum.

At the April 27 hearing two customers, Wallace G. Martin<sup>2</sup> and Doug Zaparados, testified as protestants in opposition to Lake Wylie's requested rates. Lake Wylie presented the direct and rebuttal testimony of John Malpeli, an owner of Lake Wylie, and James Yokum, Jr., a Certified Public Accountant; The ORS presented the direct testimony of Dawn Hipp and Roy Barnette.

In considering the Application of Lake Wylie, the Commission must consider competing interests. The interests of the consumers to receive quality service and a quality product at a reasonable rate compete with the interests of the provider to have the opportunity to earn a fair rate of return. Public utilities are permitted to establish rates that, at a minimum, will cover their revenue requirements. These rates must be "just and reasonable," with no "undue" discrimination. Charles F. Phillips, Jr., *The Regulation of Public Utilities*, (1993) at 172.

Thus, in considering the Application of Lake Wylie, the Commission must give due consideration to Lake Wylie's total revenue requirements, comprised of allowable operating costs and the opportunity to earn a fair return. To this end, the Commission will review the operating revenues and operating expenses of Lake Wylie and will endeavor to establish adequate and reasonable levels of revenues and expenses. Further, the Commission will consider a fair return for Lake Wylie based upon the record before it. Should the Commission's determination show that rates should be increased, the Commission will then design rates that will meet the revenue requirements of Lake Wylie but that are also just and reasonable and free of undue discrimination.

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<sup>2</sup> At the hearing in this matter Mr. Martin converted his status from Intervenor to Protestant.

## II. FINDINGS OF FACT

1. Lake Wylie is a water and sewer utility providing water and sewer service in its assigned service area within South Carolina, and its operations in South Carolina are subject to the jurisdiction of the Commission, pursuant to S. C. Code Ann. Section 58-5-10 et seq. (1976), as amended.

2. The appropriate test year period for the purposes of this proceeding is the twelve-month period ending December 31, 2003.

3. The Commission will use operating margin as a guide in determining the lawfulness of the Company's rates and in the fixing of just and reasonable rates.

4. By its Application, Lake Wylie is seeking an increase in its rates and charges for water and sewer service that results in \$158,560 in additional revenues to Lake Wylie. In addition, Lake Wylie is seeking an increase in its water reconnection fee from \$10 to \$150, and the ability to charge an administration fee of \$45.

5. The appropriate operating revenues for Lake Wylie for the test year, under present rates and after accounting and pro forma adjustments, are \$68,240.

6. The appropriate operating expenses for Lake Wylie for the test year, under present rates and after accounting and pro forma adjustments and adjustments for known and measurable out-of-test year occurrences, are \$172,740.58.55.

7. The operating margin for the test year under present rates and after accounting and pro forma adjustments approved herein is (117.09)%.

8. Based on the operating margin for the test year after accounting and pro forma adjustments, we find that Lake Wylie has demonstrated the need for an increase in rates.

9. When applied to as adjusted test year operations, the rates requested and proposed by Lake Wylie result in an operating margin of 23.84%.

10. The Commission finds that an operating margin of 23.84% is a just, reasonable, and fair operating margin.

11. The level of operating revenues required in order for Lake Wylie to have an opportunity to earn a 23.84% operating margin is found to be \$226,800.

12. The Commission finds that Lake Wylie should maintain its books and records in accordance with the NARUC Uniform System of Accounts for Class C Sewer Utilities, as adopted by this Commission.

### III. EVIDENCE TO JUSTIFY FINDINGS OF FACT

In this section, the Commission sets forth the evidence relied upon in making its Findings of Fact as set forth in Section II of this Order.

#### 1. EVIDENCE FOR FINDING OF FACT NO. 1

The evidence supporting this finding concerning the Company's business and legal status is contained in the Application filed by Lake Wylie, in the testimony of Lake Wylie witness Malpeli, and in prior Commission Orders in the docket files of the Commission, of which the Commission takes judicial notice. By the Application, Lake Wylie admits that it is a public utility within the meaning of S. C. Code Ann section 58-5-10(3) (Supp. 2003) and that it is providing water and sewerage service to two hundred

and seventy (270) residential customers under a schedule of rates approved by this Commission in Order No. 82-455, Docket No.82-66-S/W, dated June 29, 1982, issued to its predecessor, Southwoods Utilities. In addition, Mr. Malpeli testified that Lake Wylie purchased the right to operate the system from Southwoods Utilities. Malpeli Direct Testimony, p. 6, ll. 2-4. This finding of fact is essentially informational, procedural, and jurisdictional in nature, and the matters which it involves are not contested by any party.

2. EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NO. 2

The evidence supporting this finding, that the appropriate test year period for purposes of this proceeding is the twelve-month period ending December 31, 2003, is contained in the Application filed by Lake Wylie and in the testimony and exhibits of the parties' witnesses.

On December 6, 2004, Lake Wylie filed its Application requesting approval of rate schedules designed to produce an increase in gross revenues of \$ 158,560. See Application at Exhibit B. The Company utilized a test year ending December 31, 2003. *Id.* The ORS witnesses likewise offered their evidence generally within the context of the same test period. See Direct Testimonies of Roy Barnette and Dawn Hipp.

The test year is established to provide the basis for making the most accurate forecast of the utility's rate base, reserves, and expenses in the near future when the prescribed rates are in effect. Porter v. South Carolina Public Service Commission, 328 S.C. 222, 493 S.E.2d 92 (1997), citing Hamm v. S.C. Pub. Serv. Comm'n, 309 S.C. 282, 422 S.E.2d 110 (1992).



The Commission concludes that the appropriate test year to use in the instant proceeding is the twelve-month period ending December 31, 2003. No party contested the use of that test year as proposed by Lake Wylie in its Application. To the contrary, all witnesses relied upon that test year in presenting their evidence.

3. EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 3

In its Application, Lake Wylie did not specify or propose a particular rate setting methodology.

“The Public Service Commission has wide latitude to determine an appropriate rate-setting methodology.” Heater of Seabrook v. Public Service Commission of South Carolina, 324 S.C. 56, 64, 478 S.E.2d 826, 830 (1996).

The ORS in its testimonies and exhibits presented information regarding the operating margins for per books test year, test year as adjusted, and after the proposed increase. See Hearing Exhibit No 7, Audit Report of the ORS. The Office of Regulatory ORS also presented various alternative operating margins and associated revenue requirements for those operating margins. Hearing Exhibit No. 6, Exhibits DMH 6-8. Because Lake Wylie does not show investment in rate base, the Commission finds that operating margin is the appropriate rate-setting methodology to use in this case.

4. EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 4

The evidence for the finding concerning the amount of the requested rate increase and the request to tariff fees is contained in the Application filed by Lake Wylie and in the testimony and exhibits of ORS witness Barnette. The Application of Lake Wylie indicates that it is seeking additional revenues of \$158,560 from the proposed rates for its

water and sewer operations. Application of Lake Wylie, Exhibit B. The Application of Lake Wylie also lists the proposed reconnection and administration fees. Application of Lake Wylie, Exhibit A. Additionally, ORS witness Barnette testified that under the rates proposed in the Application, Lake Wylie would see an increase in revenues of \$158,600. Hearing Exhibit No. 7, Report of the Audit Department, p. 2.

We adopt the parties' calculation of the increase in revenues. Therefore, the Commission finds that Lake Wylie is seeking an increase in its revenues of \$158,560.

5. EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 5

Lake Wylie's Application shows per book test year total operating revenues of (\$79,195.57). Application, Exhibit B. ORS began with the per book test year operating revenues of (\$79,195.57), and ORS proposed an adjustment to per book operating revenues to remove pass-through revenues. Hearing Exhibit No. 7, Audit Exhibit A, p.5. ORS's proposed adjustment results in a decrease to per book operating revenues of \$(4,274). We find the adjustment proposed by ORS to be reasonable and adopt the ORS's adjustment. See, Evidence and Conclusions for Finding of Fact No. 4, above. Therefore, we find the appropriate operating revenues for the test year after accounting and pro forma adjustments are \$68,240.

6. EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 6

The parties offered certain adjustments affecting operating expenses for the test year. Lake Wylie witnesses Malpeli and Yokum, and ORS witness Barnette offered testimony and exhibits detailing adjustments proposed by the parties. See Direct and Rebuttal Testimonies of Malpeli and Yokum, Hearing Exhibit No. 7 (Exhibits sponsored

by ORS witness Barnette), and Lake Wylie's Application. This section will address those adjustments offered 1) upon which the Parties disagreed; and 2) involving adjustments outside the test year. Accordingly, except as set forth herein, we adopt the Adjustments proposed by ORS witness Barnette.

(A) Depreciation: Trucks

(1) Position of Lake Wylie: The Dodge Ram truck is used exclusively by the Applicant, no allocation should be made between the Applicant and the Lake Wylie Mobile Home Community (LWMHC). Rebuttal Testimony of James Yokum. Accordingly, total depreciation expense for that vehicle equals \$4,704, which is then split equally between water and sewer operations.

(2) Position of ORS: The Dodge Ram truck is used equally by the Applicant and the LWMHC, and therefore allocated 50% to the Applicant (and 50% to the LWMHC). Accordingly, total depreciation expense for that vehicle equals \$2,352, which is then split equally between water and sewer operations.

(3) Decision of the Commission: From the testimony presented at the hearing, the Commission finds that the Applicant's position with respect to the proposed depreciation expenses should be adopted. Because the truck in question is allocated 100% to the Applicant, the appropriate depreciation expense for that vehicle is \$4,704.

(B) Fuel Expenses

1) Position of the Applicant: The books of LWMHC show fuel expenses of \$6,825.07 for five vehicles during the test year. Forty percent of this amount, or \$2,730.03 should have been allocated to the Applicant, because the Applicant uses two of

those five vehicles. Accordingly, Operating and Maintenance Expenses should be adjusted by \$2,730.03.

2) Position of the ORS: Fuel expenses have not been properly documented and verified, and therefore no adjustment is necessary.

3) Decision of the Commission: Based upon the Testimony of James Yokum on behalf of the Applicant, the Commission finds that the fuel expenses cited by the Applicant should be included in the Operating and Maintenance expenses for the test year. These expenses are known and measurable, and were incurred during the test year. Accordingly, Operating and Maintenance Expenses should be adjusted by \$2,730.03.

(C) Rate Case Expenses

(1) Positions of the Parties: The parties do not disagree on the actual rate case expenses occurred in this proceeding. However, since the amount of rate case expenses has been updated via late-filed Exhibit No. 8 since the time of the hearing, and because necessarily that figure was not included in the testimony of the parties at the hearing, we address this figure separately.

(2) Decision of the Commission: The Commission finds that rate case expenses are a proper item for inclusion in rates. As set out in Late Filed Exhibit 8, the Applicant has incurred legal and accounting fees in the amount of \$25,727.37, and we hereby approve inclusion of these expenses.

(D) Amortization Period for Rate Case Expenses:

(1) Position of Lake Wylie: Lake Wylie proposed at the hearing to amortize rate case expenses, comprised of legal and accounting fees, over a three-year period. Rebuttal Testimony of John Malpeli, p. 4, ll. 16-20.

(2) Position of ORS: ORS proposed to amortize the rate case expenses over a five-year period. Barnette, Prefiled Testimony, pp. 10-11, Hearing Exhibit No. 7 (Audit Exhibit A-1, p.10).

(3) Decision of the Commission: The Commission finds that the Applicant's proposed amortization period is appropriate and should be adopted. Ideally, the amortization period for the recovery of the rate case expenses should allow for recovery of those expenses between rate cases. However, it is impossible to foresee what the future holds and to state with any certainty when the Company may need to return to this Commission for rate adjustment. Lake Wylie acquired the utility in 1984 and this is the first time Lake Wylie has sought rate relief.

In *Hamm v. South Carolina Public Service Commission*, 309 S.C. 282, 422 S.E. 2d. 110 (1992), the Supreme Court of South Carolina stated:

Adjustments for known and measurable changes in expenses may be necessary in order that the resulting rates reflect the actual rate base, net operating income, and cost of capital. The adjustments are within the discretion of the Commission and must be known and measurable within a degree of reasonable certainty. Absolute precision, however, is not required.  
(citing *Michaelson v. New England Tel. & Tel. Co.*, 121 R.I. 722, 404 A. 2d 799 (1979)).

While the Commission cannot state with absolute precision when the Company will return for another rate proceeding, the Commission must provide a sufficient amortization period under which Lake Wylie may recover its expenses. The Commission

finds a three-year amortization period reasonable in view of the testimony of Applicant witness Malpeli detailing the expenses incurred by the Applicant, and opining that the Company will return to this Commission for a rate case in three years, if not sooner. In particular, the expenses incurred by the Company recently in connection with the well pump on the Lake Wylie #2 well (Hearing Exhibit 2), and Mr. Malpeli's testimony that the utility's expenses for sewer operators doubled in August of 2004 (Malpeli Direct Testimony, p. 4, ll. 3-5), support of the rate case amortization period we approve herein.

(H) Taxes:

(1) Position of Lake Wylie: Lake Wylie proposed an adjustment for Income Taxes.

(2) Position of ORS: The ORS proposed adjustments for Taxes Other Than Income and for Income Taxes.

(3) Decision of the Commission: The Commission finds that the ORS' adjustment should be adopted since the rate increase approved herein will create additional taxes from Lake Wylie's operations. The Commission recognizes that the rate increase will create additional income tax liability, and the Commission finds that inclusion in rates of that tax liability using lawfully applicable state and federal tax rates is appropriate. Further, the Commission recognizes that gross receipts taxes will increase and that coverage of those taxes are properly included in rates. Thus the Commission approves the ORS adjustment to Income Taxes and to Taxes Other Than Income.

7. EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 7

The operating margin for the test year under present rates and after accounting and pro forma adjustments approved herein is (117.09)%. The calculation for the

operating margin using the test year as adjusted operating revenues of \$68,240 as approved herein and test year as adjusted operating expenses of \$148,143 as approved herein was provided by ORS witness Barnette. Barnette Direct Testimony, P. 5; Hearing Exhibit No. 7, Audit Exhibit A, Page 5), as modified by the expenses approved above as described in the testimonies of John Malpeli and James Yokum. Accordingly, adjusted test year operations result in a “Net Loss for Return” of (\$79,903). Using the adjusted Net Loss for Return minus Interest Expense if applicable divided by Operating Revenues, a negative operating margin of (117.09)% results.

The following table indicates (1) the Company’s gross revenues for the test year after adjustments approved herein, under the presently approved rate schedule; (2) the Company’s operating expenses for the test year after accounting and pro forma adjustments and adjustments for known and measurable out-of test year occurrences approved herein; and (3) the operating margin under the presently approved schedules for the test year:

TABLE A

	<u>Before increase</u>
Operating Revenues	\$ 68,240
Operating Expenses	<u>148,143</u>
Net Operating Income/Loss	(79,903)
 NET INCOME/(LOSS) FOR RETURN	 <u>(\$79,903)</u>
 Operating Margin	 <u>(117.09)%</u>

8. EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT 8

Based upon the Finding of Fact 7, we find that Lake Wylie has demonstrated a need for rate relief in the form of a rate increase. Adjusted test year operations reveal an operating margin of (117.09)%. Clearly, expenses of operating the system outweigh the revenues of the system.

9. EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT 9

The rates requested and proposed by Lake Wylie produce an operating margin of 23.84% when applied to adjusted test year operations. Information concerning the effect of the proposed rates when applied to as adjusted test year operations of Lake Wylie is found in the ORS's exhibits introduced during the hearing, as modified by the Commission's findings regarding expense adjustments set forth above.

10. EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT 10

The Commission finds that an operating margin of 23.84% is a just, reasonable, and fair operating margin for the Company.

Lake Wylie has opined that it is seeking the requested increase in rates so that Lake Wylie may continue to provide water and sewer service to its 270 customers. Lake Wylie asserts that in order to continue to serve its customers, Lake Wylie requires a significant increase in rates. The Commission recognizes that Lake Wylie faces increased costs in continuing to serve its customers and that Lake Wylie requires increased revenues just to meet day-to-day operations.

While the Commission recognizes a need for increased rates and increased revenues by Lake Wylie, the Commission is not without sympathy for the customers. The Commission recognizes that the customers are being requested to pay a sizeable rate



for water and sewer service. However, the documentation provided in this case, along with the standards of ratemaking, substantiate the need for a rate increase. The utility is operating well in the negative. The Commission must allow for the utility to be viable in order to provide the services to the public.

The Commission recognizes that it must consider the value of the services provided as well as recognize that there is a limit to what the public can bear. The Commission must strike a balance between the revenue needs of the utility and the value of the service to the public. Lake Wylie has demonstrated a need for the rate increase.

11. EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT 11

In order to have the opportunity to earn a 23.84% operating margin, Lake Wylie will require an increase in operating revenues of \$158,560. Table B which follows reflects a 24.69% operating margin and the requisite revenues to allow Lake Wylie with the opportunity to earn that operating margin:

TABLE B

	<u>After increase</u>
Operating Revenues	\$ 226,800
Operating Expenses	<u>172,740</u>
Net Operating Income/Loss	\$ 54,059
NET INCOME/(LOSS) FOR RETURN	<u>\$ 54,059</u>
Operating Margin	<u>23.84%</u>

12. EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT 12

The Commission finds that Lake Wylie should begin maintaining its books and records in accordance with the NARUC Uniform System of Accounts for Class C Sewer

Utilities, as adopted by this Commission. ORS witness Barnette testified that Lake Wylie is not keeping its books in accordance with the NARUC chart of accounts. Accordingly, Mr. Barnette recommended that Lake Wylie begin recording its revenues, expenses and other transactions using the NARUC Uniform System of Accounts. We find that Lake Wylie should maintain its books and records using the NARUC Uniform Systems of Accounts as required by 26 S.C. Code Regs. 103-517 (Supp.2003). Further, we advise Lake Wylie to consult with the ORS if guidance is needed concerning the requirements of the NARUC Uniform System of Accounts.

#### IV. CONCLUSIONS OF LAW

Based upon the Findings of Fact as contained herein and the record of the instant proceeding, the Commission makes the following Conclusions of Law:

1. Operating margin is the appropriate guide for the Commission to use in determining the lawfulness of the rates of Lake Wylie and in fixing of just and reasonable rates for Lake Wylie to charge its customers in South Carolina.

2. A fair operating margin for the water and sewer operations of Lake Wylie in South Carolina is 23.84%.

3. For the test year of December 31, 2003, the appropriate operating revenues, under present rates and as adjusted in this Order, are \$68,240.

4. Using the operating margin of 23.84% found to be fair and reasonable in this Order, the revenue requirements for Lake Wylie are \$226,800.

5. In order for Lake Wylie to have an opportunity to earn the operating margins reasonable and approved in this Order and to meet the revenue requirements, Lake Wylie must be allowed additional revenues of \$158,560.

6. In order for Lake Wylie to earn additional revenues of \$158,560, Lake Wylie is hereby authorized to charge a flat monthly water rate of \$35.00 and a flat monthly sewer rate of \$35.00.

7. Further, we grant Lake Wylie's request to increase its water reconnection fee to \$150, and to charge an administration fee of \$45.

8. The rates approved in this Order are designed to be just and reasonable without undue discrimination and are also designed to meet the revenue requirements of the Company.

9. Based on the adjustments approved herein and the increase in rates approved herein, the appropriate operating margin for Lake Wylie on its South Carolina operations is 23.84%.

10. Lake Wylie shall maintain its books and records in accordance with NARUC Uniform System of Accounts for Class C Sewer Utilities, as adopted by this Commission and as required by 26 S.C.Code Regs. 103-517 (Supp. 2003).

IT IS THEREFORE ORDERED THAT:

1. Lake Wylie is granted an increase in rates and charges as provided herein for its water and sewer operations in South Carolina.

2. The schedule of rates and charges attached hereto as Appendix A are hereby approved for service rendered on or after the date of this Order. Further the

schedules are deemed to be filed with the Commission pursuant to S. C. Code Ann. Section 58-5-240 (Supp. 2003).

3. Should the schedules approved herein and attached hereto as Appendix A not be placed in effect until three (3) months from the effective date of this Order, the schedules shall not be charged without written permission from the Commission.

4. Lake Wylie shall maintain its books and records for water and sewer operations in accordance with the NARUC Uniform System of Accounts for Class C Water and Sewer Utilities, as adopted by this Commission.

5. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

\_\_\_\_\_  
/s/  
Randy Mitchell, Chairman

ATTEST:

\_\_\_\_\_  
/s/  
Charles L.A. Terreni, Chief Clerk

(SEAL)

## APPENDIX A

Lake Wylie Community Utilities, Inc  
1295 State Line Road  
Clover, SC 29710

Filed pursuant to Docket No. 2004-353-W/S – Order No. 2005-  
Effective Date of Order: June \_\_\_\_, 2005

### RATES FOR WATER SERVICE:

Monthly Flat Rate	\$35.00 per month
Tap Fee	\$250.00
Reconnection Charge	\$150.00
Administration Fee	\$45.00

### RATES FOR SEWER SERVICE:

Monthly Flat Rate	\$35.00 per month
Tap Fee	\$250.00